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MONTANA LEGISLATIVE HISTORY

Chapter 370 19 91

Bill H 586 S _____ Original bill & history X C

H. Committee on NATURAL RESOURCES			S. Committee on FINANCE & CLAIMS		
Hearing Date(s) & EXEC ACTION	2/15	X C	Hearing Date(s) & EXEC ACTION	3/19	X C
		C			C
		C			C
		C			C
Date Out		C			

Did this bill originate in an interim committee? ____Yes ____No

Committee _____ Report _____

5/17 SIGNED BY GOVERNOR
CHAPTER NUMBER 790 EFFECTIVE DATE: 5/17/91

HB 581 INTRODUCED BY STRIZICH
ALLOW ALL LAW ENFORCEMENT AGENCIES TO USE CERTAIN RECORDS OF YOUTHS

2/04	INTRODUCED		
2/04	REFERRED TO JUDICIARY		
2/04	FIRST READING		
2/18	HEARING		
2/19	COMMITTEE REPORT—BILL PASSED		
2/21	PLACED ON CONSENT CALENDAR		
2/23	3RD READING PASSED	96	2
	TRANSMITTED TO SENATE		
2/25	FIRST READING		
2/25	REFERRED TO JUDICIARY		
3/13	HEARING		
3/16	COMMITTEE REPORT—BILL CONCURRED		
3/18	2ND READING CONCURRED	49	0
3/19	3RD READING CONCURRED	48	0
	RETURNED TO HOUSE		
4/02	SIGNED BY SPEAKER		
4/02	SIGNED BY PRESIDENT		
4/02	TRANSMITTED TO GOVERNOR		
4/04	SIGNED BY GOVERNOR		
	CHAPTER NUMBER 346	EFFECTIVE DATE: 10/01/91	

HB 582 INTRODUCED BY STICKNEY, ET AL.
PROHIBIT CONSTRUCTION OR REMODELING OF SCHOOL ROOFS WITH LESS THAN .75 SLOPE

2/04	INTRODUCED		
2/04	REFERRED TO EDUCATION & CULTURAL RESOURCES		
2/04	FIRST READING		
2/13	HEARING		
2/14	COMMITTEE REPORT—BILL PASSED		
2/16	REREFERRED TO EDUCATION & CULTURAL RESOURCES		
2/18	TABLED IN COMMITTEE		

HB 583 INTRODUCED BY BENEDICT (ELLISON BECAME NEW PRIMARY SPONSOR ON 3/08)
CREATE A CLASS B-11-W NONRESIDENT WHITETAIL DEER COMBINATION LICENSE

2/04	INTRODUCED		
2/04	REFERRED TO FISH & GAME		
2/04	FIRST READING		
2/04	FISCAL NOTE REQUESTED		
2/09	FISCAL NOTE RECEIVED		
2/12	FISCAL NOTE PRINTED		
2/16	REVISED FISCAL NOTE PRINTED		
3/08	NEW PRIMARY SPONSOR—ELLISON		
3/11	HEARING		
3/23	COMMITTEE REPORT—BILL PASSED AS AMENDED		
4/02	2ND READING DO PASS MOTION FAILED	34	64

HB 584 INTRODUCED BY SOUTHWORTH, ET AL.
LIMIT DEFENSE ATTORNEY FEES IN WORKERS' COMPENSATION CASES

2/04	INTRODUCED		
2/04	REFERRED TO JUDICIARY		
2/04	FIRST READING		
2/21	HEARING		

2/22 TABLED IN COMMITTEE

HB 585 INTRODUCED BY NISBET, ET AL.
REVISE DUPLICATE WARRANT PROVISIONS IN TEACHERS' RETIREMENT SYSTEM
BY REQUEST OF BOARD OF TEACHERS' RETIREMENT

2/04	INTRODUCED		
2/04	REFERRED TO STATE ADMINISTRATION		
2/04	FIRST READING		
2/13	HEARING		
2/13	COMMITTEE REPORT—BILL PASSED AS AMENDED		
2/16	2ND READING PASSED	97	0
2/19	3RD READING PASSED	100	0
	TRANSMITTED TO SENATE		
2/20	FIRST READING		
2/20	REFERRED TO STATE ADMINISTRATION		
3/07	HEARING		
3/07	COMMITTEE REPORT—BILL CONCURRED		
3/11	2ND READING CONCURRED	49	0
3/12	3RD READING CONCURRED	49	0
	RETURNED TO HOUSE		
3/16	SIGNED BY SPEAKER		
3/16	SIGNED BY PRESIDENT		
3/18	TRANSMITTED TO GOVERNOR		
3/20	SIGNED BY GOVERNOR		
	CHAPTER NUMBER 118	EFFECTIVE DATE: 3/20/91	

HB 586 INTRODUCED BY SWYSGOOD
HYDROELECTRIC REVENUES TO WATER CONSERVATION PROJECTS
BY REQUEST OF DEPARTMENT OF NATURAL RESOURCES AND CONSERVATION

2/04	INTRODUCED		
2/04	REFERRED TO NATURAL RESOURCES		
2/04	FIRST READING		
2/04	FISCAL NOTE REQUESTED		
2/08	FISCAL NOTE RECEIVED		
2/09	FISCAL NOTE PRINTED		
2/15	HEARING		
2/16	COMMITTEE REPORT—BILL PASSED		
3/07	2ND READING PASSED	96	1
3/09	3RD READING PASSED	93	2
	TRANSMITTED TO SENATE		
3/11	FIRST READING		
3/11	REFERRED TO FINANCE & CLAIMS		
3/19	HEARING		
3/19	COMMITTEE REPORT—BILL CONCURRED		
3/21	2ND READING CONCURRED	48	1
3/22	3RD READING CONCURRED	48	0
	RETURNED TO HOUSE		
4/02	SIGNED BY SPEAKER		
4/02	SIGNED BY PRESIDENT		
4/02	TRANSMITTED TO GOVERNOR		
4/06	SIGNED BY GOVERNOR		
	CHAPTER NUMBER 370	EFFECTIVE DATE: 7/01/91	

HB 587 INTRODUCED BY R. JOHNSON
ALLOW BOARD OF MEDICAL EXAMINERS TO SET LICENSE RENEWAL DATE; IMPOSE LATE FEE

2/04 INTRODUCED

HOUSE BILL NO. 586

INTRODUCED BY SWYSGOOD
BY REQUEST OF THE DEPARTMENT OF
NATURAL RESOURCES AND CONSERVATION

IN THE HOUSE

FEBRUARY 4, 1991	INTRODUCED AND REFERRED TO COMMITTEE ON NATURAL RESOURCES.
	FIRST READING.
FEBRUARY 16, 1991	COMMITTEE RECOMMEND BILL DO PASS. REPORT ADOPTED.
FEBRUARY 18, 1991	PRINTING REPORT.
MARCH 7, 1991	SECOND READING, DO PASS.
MARCH 8, 1991	ENGROSSING REPORT.
MARCH 9, 1991	THIRD READING, PASSED. AYES, 93; NOES, 2.
	TRANSMITTED TO SENATE.

IN THE SENATE

MARCH 11, 1991	INTRODUCED AND REFERRED TO COMMITTEE ON FINANCE & CLAIMS.
	FIRST READING.
MARCH 19, 1991	COMMITTEE RECOMMEND BILL BE CONCURRED IN. REPORT ADOPTED.
MARCH 21, 1991	SECOND READING, CONCURRED IN.
MARCH 22, 1991	THIRD READING, CONCURRED IN. AYES, 48; NOES, 0.
	RETURNED TO HOUSE.

IN THE HOUSE

MARCH 23, 1991	RECEIVED FROM SENATE.
	SENT TO ENROLLING.
	REPORTED CORRECTLY ENROLLED.

HOUSE BILL NO. 586

INTRODUCED BY _____

BY REQUEST OF THE DEPARTMENT OF NATURAL RESOURCES AND CONSERVATION

A BILL FOR AN ACT ENTITLED: "AN ACT ALLOCATING HYDROELECTRIC POWER GENERATION REVENUES DERIVED FROM STATE WATER CONSERVATION PROJECTS TO REPAIR AND REHABILITATE STATE WATER CONSERVATION PROJECTS; AUTHORIZING THE DEPARTMENT OF NATURAL RESOURCES AND CONSERVATION TO TRANSFER FUNDS FROM THE STATE WATER PROJECT HYDROELECTRIC POWER GENERATION SPECIAL REVENUE ACCOUNT AND THE BROADWATER REPLACEMENT AND RENEWAL ACCOUNT FOR PAYMENT OF DEBT SERVICE ON WATER PROJECT BONDS; AMENDING SECTIONS 17-7-502 AND 85-1-510, MCA; AND PROVIDING AN EFFECTIVE DATE."

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

NEW SECTION. **Section 1. State water project hydroelectric power generation special revenue account created -- revenues allocated.** (1) There is a state water project hydroelectric power generation special revenue account within the state special revenue fund established in 17-2-102.

(2) Except as provided in the applicable bond resolution, all revenues derived from hydroelectric power generation at state water conservation projects under Title 85, chapter 1, must be paid into this account as received.

(3) The revenues received under this section must be used to repair and rehabilitate state-owned water projects and works and to pay the cost of financing those activities.

(4) The funds deposited in the state water project hydroelectric power generation special revenue account under this section but not appropriated during the biennium and money appropriated from the account but not expended during the biennium for which it is appropriated must remain in the account for future appropriation under this section and may not be appropriated from the account except as authorized under this section.

(5) There is a statutory appropriation pursuant to 17-7-502 to allow the department to transfer available funds from the state water project hydroelectric power generation special revenue account when needed to pay debt service on state water project bonds, including but not limited to broadwater power project bonds.

(6) There is a statutory appropriation pursuant to 17-7-502 for the department to transfer available funds from the broadwater replacement and renewal account when needed to pay debt service on the broadwater power project bonds.

Section 2. Section 17-7-502, MCA, is amended to read:

"17-7-502. Statutory appropriations -- definition --

LC 0917/01

INTRODUCED BILL
HB 586

requisites for validity. (1) A statutory appropriation is an appropriation made by permanent law that authorizes spending by a state agency without the need for a biennial legislative appropriation or budget amendment.

(2) Except as provided in subsection (4), to be effective, a statutory appropriation must comply with both of the following provisions:

(a) The law containing the statutory authority must be listed in subsection (3).

(b) The law or portion of the law making a statutory appropriation must specifically state that a statutory appropriation is made as provided in this section.

(3) The following laws are the only laws containing statutory appropriations: 2-9-202; 2-17-105; 2-18-812; 10-3-203; 10-3-312; 10-3-314; 10-4-301; 13-37-304; 15-1-111; 15-25-123; 15-31-702; 15-36-112; 15-37-117; 15-65-121; 15-70-101; 16-1-404; 16-1-410; 16-1-411; 17-3-212; 17-5-404; 17-5-424; 17-5-804; 19-8-504; 19-9-702; 19-9-1007; 19-10-205; 19-10-305; 19-10-506; 19-11-512; 19-11-513; 19-11-606; 19-12-301; 19-13-604; 20-6-406; 20-8-111; 20-9-361; 23-5-306; 23-5-409; 23-5-610; 23-5-612; 23-5-1016; 23-5-1027; 27-12-206; 37-51-501; 39-71-2504; 53-6-150; 53-24-206; 61-2-406; 61-5-121; 67-3-205; 75-1-1101; 75-5-1108; 75-11-313; 76-12-123; 80-2-103; 82-11-136; 82-11-161; 90-3-301; 90-4-215; 90-4-613; 90-6-331; 90-9-306;

and section 13, House Bill No. 861, Laws of 1985; and [section 1].

(4) There is a statutory appropriation to pay the principal, interest, premiums, and costs of issuing, paying, and securing all bonds, notes, or other obligations, as due, that have been authorized and issued pursuant to the laws of Montana. Agencies that have entered into agreements authorized by the laws of Montana to pay the state treasurer, for deposit in accordance with 17-2-101 through 17-2-107, as determined by the state treasurer, an amount sufficient to pay the principal and interest as due on the bonds or notes have statutory appropriation authority for such payments. (In subsection (3), pursuant to sec. 10, Ch. 664, L. 1987, the inclusion of 39-71-2504 terminates June 30, 1991.)"

Section 3. Section 85-1-510, MCA, is amended to read:

"**85-1-510. Sale of power** and allocation of revenues. (1) If the operator of a small-scale hydroelectric generation facility under this chapter and a public utility or an electric cooperative are unable to mutually agree to a contract for the sale of electricity or a price for the electricity purchased by the utility or electric cooperative, the public service commission shall require the utility or electric cooperative to purchase the power under rates and terms established as provided in 85-1-511 through

85-1-513.

(2) The revenues derived from hydroelectric power generation under this part must be deposited in the state water project hydroelectric power generation special revenue account created under [section 1]. The funds in the account must be used to repair and rehabilitate state-owned water projects and works and to pay the cost of financing those activities."

NEW SECTION. **Section 4.** Codification instruction. [Section 1] is intended to be codified as an integral part of Title 85, chapter 1, part 2, and the provisions of Title 85, chapter 1, part 2, apply to [section 1].

NEW SECTION. **Section 5.** Effective date. [This act] is effective July 1, 1991.

-End-

STATE OF MONTANA - FISCAL NOTE
Form BD-15
In compliance with a written request, there is hereby submitted a Fiscal Note for HB0586, as introduced.

DESCRIPTION OF PROPOSED LEGISLATION:

This legislation allocates hydroelectric power generation revenue derived from state water conservation projects to a state water project hydroelectric power generation special revenue account when that revenue exceeds bond requirements. It stipulates that funds from the account are to be used to repair and rehabilitate state-owned water projects or, if needed, to pay for debt service on state water project bonds. It also stipulates that funds from the Broadwater renewal and replacement account can be used to pay debt service, if needed on the Broadwater power project bonds.

ASSUMPTIONS:

1. This act creates the state water project hydroelectric power generation special revenue account. It also stipulates what funds are to be deposited in it and what they are to be used for. The act does not appropriate funds for repairing and rehabilitating state-owned water projects.
2. The act creates a statutory appropriation to use funds from this new account when needed to pay debt service on state water project bonds, but it is not expected that this will be necessary in the 1993 biennium.
3. The act also creates a statutory appropriation to transfer funds from the Broadwater replacement and renewal account if needed to pay debt service on the Broadwater power project bonds, but this is not expected to be necessary in the 1993 biennium.

FISCAL IMPACT:

None

LONG-RANGE EFFECTS OF PROPOSED LEGISLATION:

Appropriate funds would be deposited directly into the state water project hydroelectric power generation special revenue account to be used for repair and rehabilitation of state-owned water projects instead of being deposited into the water development state special revenue fund.

Rod Sundsted 2-8-91

ROD SUNDSTED, BUDGET DIRECTOR DATE
Office of Budget and Program Planning

2-9-91

CHARLES SWYSGOOD, PRIMARY SPONSOR DATE

Fiscal Note for HB0586, as introduced

HB 586

MINUTES

MONTANA HOUSE OF REPRESENTATIVES
52nd LEGISLATURE - REGULAR SESSION

COMMITTEE ON NATURAL RESOURCES

Call to Order: By **CHAIRPERSON BOB RANEY**, on February 15, 1991, at 3:00 pm.

ROLL CALL

Members Present:

Bob Raney, Chairman (D)
Mark O'Keefe, Vice-Chairman (D)
Beverly Barnhart (D)
Vivian Brooke (D)
Ben Cohen (D)
Ed Dolezal (D)
Orval Ellison (R)
Russell Fagg (R)
Mike Foster (R)
Bob Gilbert (R)
Bruce Measure (D)
Tom Nelson (R)
Bob Ream (D)
Jim Southworth (D)
Howard Toole (D)
Dave Wanzenried (D)

Members Excused: David Hoffman (R)
Dick Knox (R)

Staff Present: Gail Kuntz, Environmental Quality Council
Paul Sihler, Environmental Quality Council
Lisa Fairman, Committee Secretary

Please Note: These are summary minutes. Testimony and discussion are paraphrased and condensed.

Announcements/Discussion:

HEARING ON HB 586

Presentation and Opening Statement by Sponsor:

REP. CHUCK SWYSGOOD, HD 73 - Dillon, said HB 586 will provide a source of revenue to rehabilitate state water conservation projects, such as state-owned dams, and help pay the debt of the Broadwater Power Project. **EXHIBIT 1**

Proponents' Testimony:

Wayne Wetzel, Department of Natural Resources and Conservation (DNRC) Deputy Director, said he didn't have much to add. The intent of the Department has been to allocate state-owned hydropower project revenues to the rehabilitation of state-owned dams.

Opponents' Testimony: none

Questions From Committee Members: none

Closing by Sponsor:

REP. SWYSGOOD urged passage of HB 586.

HEARING ON HB 630

Presentation and Opening Statement by Sponsor:

REP. SCOTT MCCULLOCH, HD 96 - Billings, said HB 630 reinstates the governor's Emergency Disaster Fund spending authority. Currently, the governor can spend up to only $2 million from the General Fund for disasters in a biennium. The governor's spending authority is progressively diminished as costs of each disaster deplete the fund. If the money is recovered, the spending authority would be reinstated to the level of the amount recovered.

Proponents' Testimony:

Doug Booker, Centralized Services Administrator for the Department of Military Affairs, said that due to fires and other disasters, the disaster fund sometimes is reduced to nearly nothing. Any money recovered from responsible parties would go back into the General Fund, allowing that much money to be spent again on another disaster.

Opponents' Testimony: none

Questions From Committee Members:

REP. ELLISON asked what would happen if a disaster occurred and the emergency fund were bankrupt. **Mr. Booker** said there would be a special session.

REP. RANEY asked if money spent from the disaster fund would be automatically reappropriated from the General Fund. **Mr. Booker** said no, not until money was recovered from a responsible party. The money goes into the General Fund, which is the same thing as the disaster fund.

Closing by Sponsor:

REP. MCCULLOCH noted that the money that goes back into the disaster fund is only the amount of money recovered from entities

amendments. **EXHIBIT 33**

He said this covers agricultural corporations and other kinds of businesses engaged in agricultural operations.

Motion/Vote: **REP. COHEN** moved to amend HB 660. Motion carried unanimously.

Motion/Vote: **REP. COHEN MOVED HB 660 DO PASS AS AMENDED.** Motion carried unanimously. Reps. Knox and Hoffman were absent from voting.

EXECUTIVE ACTION ON HB 586

Motion/Vote: **REP. FAGG MOVED HB 586 DO PASS.** Motion carried unanimously. Reps. Knox and Hoffman were absent.

EXECUTIVE ACTION ON HB 630

Motion: **REP. GILBERT MOVED HB 630 DO PASS.** Motion carried unanimously.

REP. RANEY noted HB 670 was canceled.

EXECUTIVE ACTION ON HB 639

Motion/Vote: **REP. TOOLE MOVED HB 639 DO PASS.** Motion carried unanimously.

DISCUSSION ON HB 637

REP. COHEN said some pesticide applicators indicated there were ways in which other states and communities have addressed the problem. **REP. BECKER** seemed amenable to amending the bill to meet some of those concerns. Maybe she should have some time to meet with those people.

REP. FOSTER said it seemed this matter could be handled by a local government through a city ordinance. **REP. RANEY** said that maybe the committee needs to provide in the statute that cities can do it by ordinance.

REP. TOOLE asked **REP. RANEY** what he thinks, given his experience with pesticide application. **REP. RANEY** said insect hatches must be dealt with immediately. Insects will be out of control if 48-hour notification is required. But the bill shouldn't just fall by the wayside. What these people are trying to do makes sense.

REP. DOLEZAL suggested county officials be contacted to see how the bill would impact their program. Maybe a compromise can be reached.

REP. ELLISON said opponents made suggestions that might work. This bill is unworkable. He suggested a registry be established

HOUSE OF REPRESENTATIVES

NATURAL RESOURCES COMMITTEE

ROLL CALL **DATE** 2-15-91

NAME	PRESENT	ABSENT	EXCUSED
REP. MARK O'KEEFE, VICE-CHAIRMAN	✓		
REP. BOB GILBERT	✓		
REP. BEN COHEN	✓		
REP. ORVAL ELLISON	✓		
REP. BOB REAM	✓		
REP. TOM NELSON	✓		
REP. VIVIAN BROOKE	✓		
REP. BEVERLY BARNHART	✓		
REP. ED DOLEZAL	✓		
REP. RUSSELL FAGG	✓		
REP. MIKE FOSTER	✓		
REP. DAVID HOFFMAN			✓
REP. DICK KNOX			✓
REP. BRUCE MEASURE	✓		
REP. JIM SOUTHWORTH	✓		
REP. HOWARD TOOLE	✓		
REP. DAVE WANZENRIED	✓		
REP. BOB RANEY, CHAIRMAN	✓		

CS05NATRES.MAN

HOUSE STANDING COMMITTEE REPORT

February 16, 1991

Mr. Speaker: We, the committee on Natural Resources report that House Bill 536 (first reading copy -- white) do pass .

Signed: _____
Bob Raney, Chairman

EXHIBIT 1
DATE 2-15-91
HB 586

HOUSE BILL 586

TESTIMONY OF THE DEPARTMENT OF NATURAL RESOURCES & CONSERVATION

February 14, 1991

By request of the Department of Natural Resources and Conservation:
A Bill for an act entitled:

"An Act allocating power generation revenues generated at State Water Conservation Projects to repair and rehabilitate State Water Conservation Projects; authorizing the Department of Natural Resources and Conservation to transfer funds from the State Water Project Hydroelectric Project Power Generation Special Revenue Account and the Broadwater Replacement and Renewal Account for payment of debt service; amending Sections 17-7-502 and 85-1-510, MCA; and providing an effective date."

Purpose

The purpose of this bill is to provide a source of revenue to rehabilitate state-owned dams and to help pay the debt of the Broadwater Power Project.

Background

The Department of Natural Resources and Conservation owns 50 water projects--including 35 water storage facilities--that irrigate more than 400,000 acres, or approximately 12 percent of the total irrigated area in the state. Most of these water storage projects were constructed during the 1930s and currently do not satisfy all of the requirements under the state's dam safety law. The State of Montana may be liable for any damages caused by the failure of any dam. Estimates of potential damage from the failure of state-owned dams range from $400 million below the Tongue River Dam to $30 million below the Middle Creek Dam. These figures do not include the potential loss of life, the cost to replace the dams, or the loss of benefits created by the projects.

In order to divert a potential catastrophe, the Department has developed a four-step plan to rehabilitate these dams: (1) complete emergency repairs where needed; (2) rehabilitate the dam; (3) develop emergency action plans; and (4) continue a comprehensive inspection program. Funds to implement this plan are limited, however. Nearly all federal funding programs now require the state and the water

users to share the costs of water projects. This requirement, coupled with the limited ability of the state and the water users to pay for water projects, makes it difficult to finance the rehabilitation and repair of high-hazard, state-owned dams.

One potential source of revenue to help pay for the rehabilitation of state-owned dams is to retrofit state projects for hydroelectric power production and use the revenues from the sale of the power to rehabilitate the dams. The Broadwater Diversion Dam at Toston has recently been retrofitted with a hydropower unit. Other state-owned dams may also have the potential to generate power; however, there are no current plans for additional state-owned hydropower plants.

Implementation

House Bill 586 has three basic provisions.

(1) Establishes a "State Water Project Hydroelectric Power Generation Special Revenue Account," into which revenues from state-owned hydropower projects are paid. These revenues currently flow into the "Water Development State Special Revenue Account" and could fund agency operations and grants. The clear intent of the Department since 1977 and legislation since 1981 has been to allocate state-owned hydropower project revenues to the rehabilitation of state-owned dams.

The bill also provides that funds deposited in this account but not expended in any one biennium will remain in the account. Costs of rehabilitating all state-owned water projects exceed the future expected total revenues from the Broadwater Power Project; hence, if these revenues are not used in one biennium, they will still be needed in future biennia.

(2) Provides a statutory appropriation to pay--when needed--bond debt service for bonds sold to rehabilitate projects or to construct hydropower projects. A statutory appropriation would obviate the need for the legislature to process a specific appropriation for debt service each session.

(3) Provides a statutory appropriation to transfer funds from the "Broadwater Replacement and Renewal Account" when necessary to pay debt service on Broadwater Power Project bonds. This appropriation would be used in extreme cases when hydropower revenues would not be sufficient to pay debt service. This situation would likely only occur with very low flows in the early years of the project. This provision was anticipated in the bond resolution and could prevent coal severance tax proceeds from being used in these rare and unpredictable situations.

Ex. 1
2-15-91
HB 586

The Broadwater Power Project is likely to generate modest revenues during the first few years. Revenues should increase over time, however, as the cost of power increases. Based on average water flows, the project is expected to break even over the next two years and produce net revenues in the following years. The income from the Broadwater Power Project is deposited into several accounts, as shown on the attached chart.

HOUSE OF REPRESENTATIVES

VISITOR'S REGISTER

Natural Resources COMMITTEE BILL NO. HB 586

DATE 2-15-91 SPONSOR(S) Swysgood

PLEASE PRINT PLEASE PRINT PLEASE PRINT

NAME AND ADDRESS	REPRESENTING	BILL	OPPOSE	SUPPORT
JAY DOWNEN	Montana Elec. Cooperatives			

PLEASE LEAVE PREPARED TESTIMONY WITH SECRETARY. WITNESS STATEMENT FORMS ARE AVAILABLE IF YOU CARE TO SUBMIT WRITTEN TESTIMONY.

MINUTES

MONTANA SENATE
52nd LEGISLATURE - REGULAR SESSION

COMMITTEE ON FINANCE & CLAIMS

Call to Order: By Senator Judy Jacobson, Chairman, on March 19, 1991, at 8:00 a.m., Room 108.

ROLL CALL

Members Present:
Judy Jacobson, Chairman (D)
Greg Jergeson, Vice Chairman (D)
Gary Aklestad (R)
Thomas Beck (R)
Esther Bengtson (D)
Don Bianchi (D)
Gerry Devlin (R)
Harry Fritz (D)
H.W. Hammond (R)
Ethel Harding (R)
Bob Hockett (D)
Thomas Keating (R)
Lawrence Stimatz (D)
Larry Tveit (R)
Eleanor Vaughn (D)
Mignon Waterman (D)
Cecil Weeding (D)

Members Excused: Senator Nathe, Senator Manning

Staff Present: Carroll South, Clayton Schenck (LFA)

Please Note: These are summary minutes. Testimony and discussion are paraphrased and condensed.

Announcements/Discussion: None

HEARING ON HOUSE BILL 586

Presentation and Opening Statement by Sponsor:

Representative Swysgood, District 73, Beaverhead County, sponsor, stated this bill at the request of the Department of Natural Resources and Conservation, has three provisions. It

establishes a state water project,hydroelectric power generation revenue account in which revenues from state owned projects are paid, and revenues currently flow into the water development state revenue fund. It would fund agency operations and grants. He said the clear intent of the Department has been to allocate state owned hydropower project revenues to the rehabilitation of state owned dams. HB 586 provides that funds deposited in this account but not expended in any one biennium will remain in the account. The bill also provides a statutory appropriation to pay a needed bond debt, service for bonds sold to rehabilitate projects or to construct hydropower projects. It also provides a statutory appropriation to transfer funds from the Broadwater replacement and renewal account when necessary to pay the debt service on the Broadwater project.

Proponents' Testimony:

Wayne Wetzel, Deputy Director, Department of Natural Resources and Conservation, stated his support of HB 586. (See Exhibit 1)

Opponents' Testimony:

None

Questions From Committee Members:

In a question from Senator Aklestad regarding the monetary amount, Rep. Swysgood said very little revenue has been generated and indicated that in the House Appropriation Committee's discussion on HB 2, it was indicated it would be somewhere in the area of $200,000.

Mr. Wetzel referred the committee to a chart regarding funds. He said initially the funds go into an operation and maintenance account; $25,000 a month goes into that. That account accumulates $300,000 a year and is used every year. Then $7,000 a month goes into a replacement and renewal account. There is currently about $140,000 in that which will accumulate until it gets up to $600,000; these are for major items. After the funds are taken out of that account, they go into a bond account where they are held for a year. They are swept out of that account every December 31st by IRS regulations where they then go into excess revenues account, and every month out of that account they pay the bond payments that are due monthly. Whatever is left after paying the bond payments each month goes into excess revenues. If there is more than $400,000 in any one year, 25 percent of those excess revenues go into a water users account for the Broadwater water users, and that accumulates up to one million dollars. All other excess revenues are going into the account that will be created with HB 586, and that would eventually end up to rehabilitate state water projects. At the present time there is approximately $200,000 after 18 months of operation in the excess revenue account which at this time has

gone into the water development account. This account has to be set up for the state water projects.

Regarding a question from Senator Aklestad if the excess revenue area never was above $400,000, would everything continuously flow down the other way, Mr. Wetzel said that is correct and that in the first few years there were projections that they would probably not make money but they were fortunate in making money even with the lower water years. He added after the bonds are paid off, they will make somewhere in the order of eight to ten million dollars a year.

In a question from Senator Hammond as to how many hydroelectric plants the state has, Mr. Wetzel said they have one, and there are no plans at this time to develop more.

Senator Jacobson questioned what the excess revenue to irrigators was. Mr. Wetzel said they have negotiated an arrangement with the DNRC where they would have an account to be used for major operation and maintenance on the Broadwater irrigation project, which consists of approximately 23,000 acres. He added it is the largest state owned irrigation project.

When questioned by Senator Hockett as to what has been paid into the bond account at the present time, Mr. Wetzel said they sold 26 million dollars in bonds to finance the project from two different bond accounts; one is a tax exempt account of 22.2 million dollars and one is 3.8 million dollars which is taxable. The taxable account is being paid off first and it will be paid off in nine years, and the other account will be paid off in thirty years. Senator Hockett asked if they are anticipating about 30 years before much money going into excess revenue. Mr. Wetzel said revenue from power sales escalates every year but the bond payment is almost the same from year to year. He added they probably will split revenues with the water users somewhere between the fifth and seventh year, and somewhere within six to seven years after that, they will have paid off the one million dollars.

Senator Weeding asked if this appropriation would be recurring. Mr. Wetzel said once HB 586 is acted on, they will have the authority to pay their bonds and put money into this account, however, they will have to come back to the legislature to get authority to spend the money out of this account on any one project.

Regarding state owned dams, Mr. Wetzel said there are 26 active projects, not all of which have dams. There are 300 dams, which consists of private, state and federal. Rep. Swysgood said 17 or 18 are ranked in the high hazard category. Mr. Wetzel said some are high hazard and unsafe while some are high hazard but relatively safe.

Closing by Sponsor:

Rep. Swysgood said it was the intent when this project was put in that these funds generated would go into an account to draw from to allow rehabilitation of the many state owned projects. He concluded that HB 586 allows us an opportunity to set up a fund which long range building would be able to draw money from for projects submitted to them.

HEARING ON HOUSE BILL 146

Presentation and Opening Statement by Sponsor:

Representative Wanzenried, District 7, sponsor, stated HB 146 would authorize the Board of Investments to invest money in the school legacy and trust account in the short term investment program. The average daily cash balance of the trust and legacy account is about 12 million dollars a day, and those monies right now can be invested in overnight notes, with those notes paying a lower interest rate than the STIP program would pay. HB 146 would allow the Board to manage this account in the same way that the Board of Investments currently manages about 200 other accounts; the Board manages those portfolios to make sure there is sufficient liquidity and also gives the Board of Investments the opportunity to make sure they receive the maximum return while those monies are invested.

Proponents' Testimony:

Dave Lewis, Executive Director, State Board of Investments, stated his support in that the bill would allow them to manage money in the school permanent trust the same way all other accounts they have are managed. He said over the past few months, they have had situations where the interest they were earning on this account because it was overnight in repossessions was as low as one quarter of a percent with those rates having been lower over the last few months than at any previous time. If that money could have been put in the short term investment pool, they would have been earning 7 1/2 to 8 percent. He added their management fee on the short term investment pool runs about .06 percent, and they would be picking up from 60 to 150 basis points in extra yield. He concluded that the school trust fund comes out ahead on the bill.

Opponents' Testimony:

None

Questions From Committee Members:

In a question from Senator Keating regarding repossessions, Mr. Lewis stated in their bank contract, the bank gets 35 basis points for handling the repossession for them and the yield was less than what it would have cost for a bank contract. They had to do an amendment to the bank contract so they would not have to

unanimously. Senator Jergeson will carry HB 328.

EXECUTIVE ACTION ON HOUSE BILL 586

Motion:

Senator Keating moved that HB 586 BE CONCURRED IN.

Discussion:

None

Amendments, Discussion, and Votes:

None

Recommendation and Vote:

Motion that HB 586 BE CONCURRED IN carried unanimously. Senator Bengtson will carry HB 586.

EXECUTIVE ACTION ON HOUSE BILL 142

Motion:

Senator Jergeson moved that HB 142 BE CONCURRED IN.

Discussion:

None

Amendments, Discussion, and Votes:

None

Recommendation and Vote:

Motion that HB 142 BE CONCURRED IN carried with Senators Aklestad and Devlin opposed. Senator Jacobson will carry HB 142.

EXECUTIVE ACTION ON SENATE BILL 62

Amendments, Discussion, and Votes:

Pam Joehler from the LFA explained amendments to SB 62. (See Exhibit 7). She noted that the amendments place into the law that the Board of Regents are responsible for submitting the unified budget rather than each individual university unit. Senator Jacobson added the amendments don't change the intent of

ROLL CALL

FINANCE & CLAIMS COMMITTEE

DATE 3/19/91

____ LEGISLATIVE SESSION ____

NAME	PRESENT	ABSENT	EXCUSED
SENATOR JACOBSON CHAIRMAN	P		
SENATOR JERGESON, VICE CHAIRMAN	P		
SENATOR AKLESTAD	P		
SENATOR BECK	P		
SENATOR BENGTSON	P		
SENATOR BIANCHI	P		
SENATOR DEVLIN	P		
SENATOR FRITZ	P		
SENATOR HAMMOND	P		
SENATOR HARDING	P		
SENATOR HOCKETT	P		
SENATOR KEATING	P		
SENATOR MANNING			E
SENATOR NATHE		A	
SENATOR STIMATZ	P		

Each day attach to minutes.

ROLL CALL

FINANCE & CLAIMS COMMITTEE, CONTINUED

DATE_____

____ LEGISLATIVE SESSION ____

NAME	PRESENT	ABSENT	EXCUSED
SENATOR TVEIT	✓		
SENATOR VAUGHN	✓		
SENATOR WATERMAN	✓		
SENATOR WEEDING	✓		

Each day attach to minutes.

SENATE STANDING COMMITTEE REPORT

March 19, 1991

MR. PRESIDENT:

We, your committee on Finance and Claims having had under consideration House Bill No. 586 (third reading copy -- blue), respectfully report that House Bill No. 586 be concurred in.

Signed: Judy H. Jacobson
Judy H. Jacobson, Chairman

3-12-91
Amd. Coord.

Sec. of Senate

HOUSE BILL 586

TESTIMONY OF THE DEPARTMENT OF NATURAL RESOURCES & CONSERVATION

March 18, 1991

By request of the Department of Natural Resources and Conservation:
A Bill for an act entitled:

"An Act allocating power generation revenues generated at State Water Conservation Projects to repair and rehabilitate State Water Conservation Projects; authorizing the Department of Natural Resources and Conservation to transfer funds from the State Water Project Hydroelectric Project Power Generation Special Revenue Account and the Broadwater Replacement and Renewal Account for payment of debt service; amending Sections 17-7-502 and 85-1-510, MCA; and providing an effective date."

Purpose

The purpose of this bill is to provide a source of revenue to rehabilitate state-owned dams and to help pay the debt of the Broadwater Power Project.

Background

The Department of Natural Resources and Conservation owns 50 water projects--including 35 water storage facilities--that irrigate more than 400,000 acres, or approximately 12 percent of the total irrigated area in the state. Most of these water storage projects were constructed during the 1930s and currently do not satisfy all of the requirements under the state's dam safety law. The State of Montana may be liable for any damages caused by the failure of any dam. Estimates of potential damage from the failure of state-owned dams range from $400 million below the Tongue River Dam to $30 million below the Middle Creek Dam. These figures do not include the potential loss of life, the cost to replace the dams, or the loss of benefits created by the projects.

In order to divert a potential catastrophe, the Department has developed a four-step plan to rehabilitate these dams: (1) complete emergency repairs where needed; (2) rehabilitate the dam; (3) develop emergency action plans; and (4) continue a comprehensive inspection program. Funds to implement this plan are limited, however. Nearly all federal funding programs now require the state and the water users to share the costs of water projects. This requirement, coupled with the limited ability of the state and the water users to pay for water projects, makes it difficult to finance the rehabilitation and repair of high-hazard, state-owned dams.

One potential source of revenue to help pay for the rehabilitation of state-owned dams is to retrofit state projects for hydroelectric power production and use the revenues from the sale of the power to rehabilitate the dams. The Broadwater Diversion Dam at Toston has recently been retrofitted with a hydropower unit. Other state-owned dams may also have the potential to generate power; however, there are no current plans for additional state-owned hydropower plants.

Implementation

House Bill 586 has three basic provisions.

(1) Establishes a "State Water Project Hydroelectric Power Generation Special Revenue

SENATE FINANCE AND CLAIMS
EXHIBIT NO. 1
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Account," into which revenues from state-owned hydropower projects are paid. These revenues currently flow into the "Water Development State Special Revenue Account" and could fund agency operations and grants. The clear intent of the Department since 1977 and legislation since 1981 has been to allocate state-owned hydropower project revenues to the rehabilitation of state-owned dams.

The bill also provides that funds deposited in this account but not expended in any one biennium will remain in the account. Costs of rehabilitating all state-owned water projects exceed the future expected total revenues from the Broadwater Power Project; hence, if these revenues are not used in one biennium, they will still be needed in future biennia.

(2) Provides a statutory appropriation to pay--when needed--bond debt service for bonds sold to rehabilitate projects or to construct hydropower projects. A statutory appropriation would obviate the need for the legislature to process a specific appropriation for debt service each session.

(3) Provides a statutory appropriation to transfer funds from the "Broadwater Replacement and Renewal Account" when necessary to pay debt service on Broadwater Power Project bonds. This appropriation would be used in extreme cases when hydropower revenues would not be sufficient to pay debt service. This situation would likely only occur with very low flows in the early years of the project. This provision was anticipated in the bond resolution and could prevent coal severance tax proceeds from being used in these rare and unpredictable situations.

The Broadwater Power Project is likely to generate modest revenues during the first few years. Revenues should increase over time, however, as the cost of power increases. Based on average water flows, the project is expected to break even over the next two years and produce net revenues in the following years. The income from the Broadwater Power Project is deposited into several accounts, as shown on the attached chart.

DATE 3-19-91

COMMITTEE ON Finance & Claims

HB 146, HB 328, HB 586

VISITORS' REGISTER

NAME	REPRESENTING	BILL #	Check One: Support	Oppose
Wayne Welsh	Dept of Nat Res & Con	HB58C	X	
Scott Anderson	MDHES	HB 551	X	
Newell Anderson	DOC	HB 505	—	
Mike Cuncha	Commerce	HB 328	—	
Peggy Pavnelee	MT Assoc of Conn Dist	HB 328	Amended ✓	
Dave Ims	MT Society CPAs	✓	✓	
Susan Reed	MSLA Co Auditor	328	✓	
Jim Enkerud	MT Assn. State Grazing Dist.	328	✓	

(Please leave prepared statement with Secretary)